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ECONOMIC DEVELOPMENTS IN THE GDR

The redistribution of property in the German Democratic Republic has led to drastic changes in industrial ownership. In 1950, the SACs (Soviet Corporations) controlled 26 percent of East Germany's industrial production, the VEBs (Associations of People-Cwned Enterprises) 48-percent. Only 26 percent remained in the hands of private industry, of which an estimated 2 percent has been placed under trusteeship.

The SAGs which, according to the trade register, are owned by the USSR Foreign Ministry's Main Administration of Soviet Capital Abroad, have secured a firm grip on the key industries of the GDR. Approximately two thirds of the heavy-chemicals industry (gasoline and diesel oil 95 percent, low-temperature coke over 70 percent), more than 35 percent of the brown-coal output, 45 percent of the electrical industry, over 35 percent of the cellulose-wool, and a considerable portion of the heavy-machine industry are controlled by the SAGs.

The machine-building, electrical-engineering, and precision-mechanics and optical industries are chiefly in the hands of people-owned enterprises.

Private industry has been confined to the manufacture of production equipment and consumer goods by small plants. Under the 1951 economic plan, its share in the GDR's industrial production is to be reduced to 23.4 percent.

The over-all production volume for spring 1951 [sic; first quarter of 1951?] is estimated at 75 percent of 1936 production during the comparable period. In this connection, it must be considered that up to 1947 East Germany's production capacity had been reduced to 50 percent of its 1936 level and that the same relative proportion still applies to the current consumers' goods industry. Hence, the increase in production must be ascribed principally to the raw-materials and capital-goods industries, which is all the more significant because the capacities of these industries had been reduced considerably by dismantling operations.

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Production of pig iron, raw steel, and rolled steel underwent the following changes between 1936 and 1950 (in 1,000 tons):

Year	Pig Iron	Raw Steel	Rolled Steel
1936	200.8	1,198.0	898.0
1946	123.0	157.3	122.0
1947	132.0	177.0	92.0
1948	181.6	270.0	201.0
19 ^l +9	250.0	580 ª O	486.0
1950	335.0	- 960.0	(735.0) plan

To round out the picture, it must be noted that the Five-Year Plan calls for a yearly production of 1.25 million tons of pig iron and of 3 million tons of raw steel. However, without close economic relations with the West, and in view of the GDR': consistently high reparations shipments to the USSR, it is doubtful that this target will be met.

Large increases in the production of crude brown coal, brown-coal briquettes, sulfuric acid (1947: 18,700 tons; 1950: 215,000 tons), machines, electrical products, and chemicals have also been reported. Moreover, with the intensified coordination of Soviet Zone Germany into the Eastern economic orbit, it is felt that it should be possible to supply the Fuerstenberg/Oder Iron and Steel Combine (now under construction) with the required coal and ore for its estimated annual output of 500,000 tons of pig iron and 550,000 tons of raw steel.

An increase of GDR foreign trade has likewise been reported. In 1949, East German import and export transactions (exclusive of reparations and interzonal trade) reportedly amounted to 700 million Deutsche marks each. By 1950, that figure had risen to approximately 1.2 billion Deutsche marks, and further increases in foreign trade during the current year have been planned.

Almost 50 percent of the GDR's foreign trade transactions have been concluded with the USSR, with Poland ranking second, and Czechoslovakia third. The principal export items were chemicals, machines, electrical equipment, gasoline, sugar, and wood. Finished products (potash is not regarded as a finished product) made up less than 35 percent of 1949 exports and about 40 percent of 1950 exports.

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